

- 1941 -

*Industrial*

ANNUAL REPORT

*file with  
Food Fair Store  
Inc.*

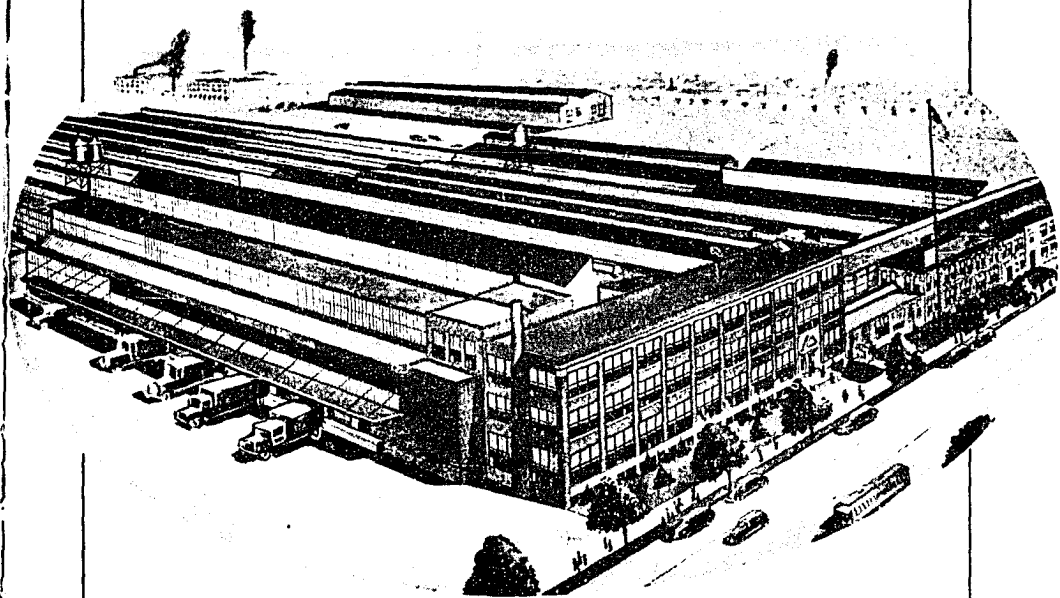
HARVARD UNIV.  
G. S. OF B. A.  
BAKER LIBRARY  
CORPORATION  
RECORDS  
DIVISION

UNION PREMIER FOOD STORES, INC.

*A Pennsylvania Corporation*

FOR FISCAL YEAR ENDED DECEMBER 27, 1941

*Executive Offices  
and Main Warehouse*



**UNION PREMIER FOOD STORES, Inc.**  
2200 EAST ALLEGHENY AVENUE  
PHILADELPHIA, PENNA.

# UNION PREMIER FOOD STORES, Inc.

Operating super markets under the name of

## FOOD FAIR MARKETS

### *Officers*

SAMUEL FRIEDLAND, Chairman of the Board

GEORGE FRIEDLAND, President

HESS KLINE, Vice-President and Treasurer

MYER B. MARCUS, Vice-President

ARTHUR ROSENBERG, Vice-President

LOUIS STEIN, Vice-President and General Counsel

BENJAMIN G. KLINE, Vice-President

MYER M. GORDON, Secretary

### *Directors*

GEORGE FRIEDLAND ..... Philadelphia, Pa.

SAMUEL FRIEDLAND..... Moorestown, N. J.

MYER M. GORDON..... Philadelphia, Pa.

EDWIN I. HILSON..... New York, N. Y.

HESS KLINE..... Philadelphia, Pa.

MYER B. MARCUS..... Philadelphia, Pa.

ARTHUR ROSENBERG..... Philadelphia, Pa.

HAROLD W. SCOTT..... Philadelphia, Pa.

LOUIS STEIN..... Union City, N. J.

#### TRANSFER AGENT

REGISTRAR & TRANSFER COMPANY

2 Rector St., New York, N. Y.

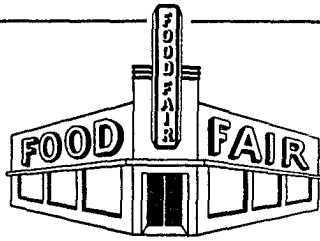
15 Exchange Place, Jersey City, N. J.

#### REGISTRAR

BANK OF THE MANHATTAN CO.

40 Wall St., New York, N. Y.

THE COMMON STOCK IS FULLY LISTED ON THE NEW YORK STOCK EXCHANGE

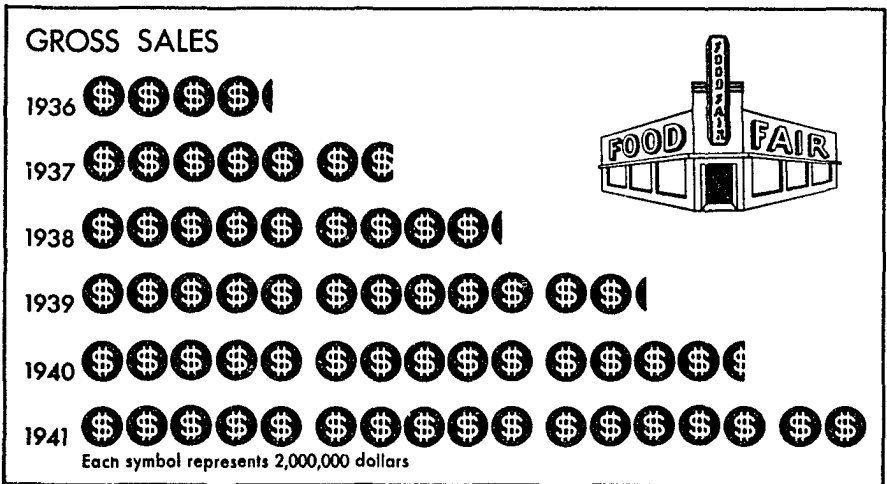


## COMPARATIVE SUMMARY

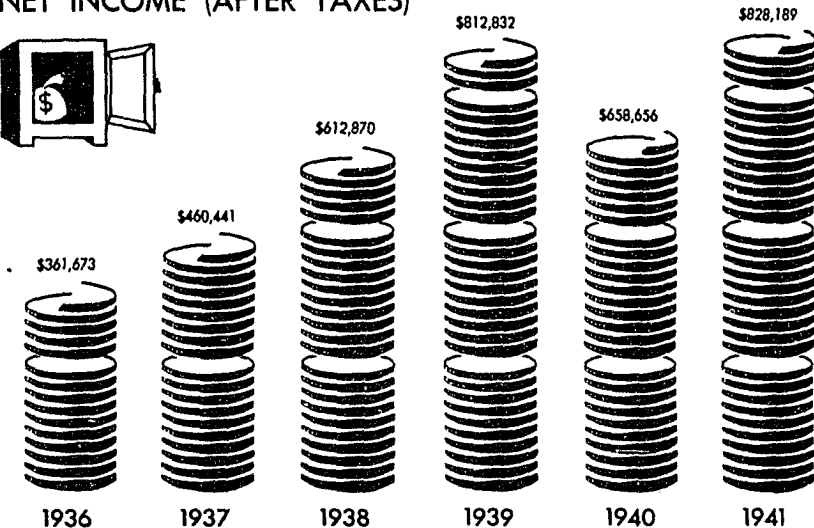
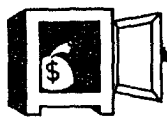
	1941	1940
Sales . . . . .	\$34,094,701.54	\$29,200,548.27
Net Income before Taxes . . . . .	1,255,320.72	935,714.25
Percentage of Net Income (before taxes) against gross sales . . . . .	3.68	3.20
Provision for Taxes . . . . .	427,131.42	277,058.11
Net Income after Taxes . . . . .	828,189.30	658,656.14
Percentage of Net Income (after taxes) against gross sales . . . . .	2.43	2.26
Net income per share of common stock (based on 332,129 shares outstanding December 27, 1941) after actual Preferred Stock dividends paid in each year . . . . .	\$2.09	\$1.76

*To the Stockholders of  
Union Premier Food Stores, Inc.:*

Your Company's management is pleased to report that for the fiscal year 1941 your Company established a new all-time record for sales. The gross sales for the year 1941 amounted to \$34,094,701.54, as compared with \$29,200,548.27 for the year 1940, an increase of 16.77% over the 1940 total. This increase assumes added significance because, despite the materially higher federal income and excess profits taxes payable under the Revenue Act of 1941, the net income for the year 1941, after all taxes, was \$828,189.30, whereas the corresponding figure for 1940 was \$658,656.14; this is a definite indication of the fact that your management has continued to operate the business on a sound, economical basis. The net income for 1941, after provision for taxes and dividends on Preferred Stock, amounts to \$2.09 per share of Common Stock.



## NET INCOME (AFTER TAXES)



- Each symbol represents 25,000 dollars

## DIVIDENDS

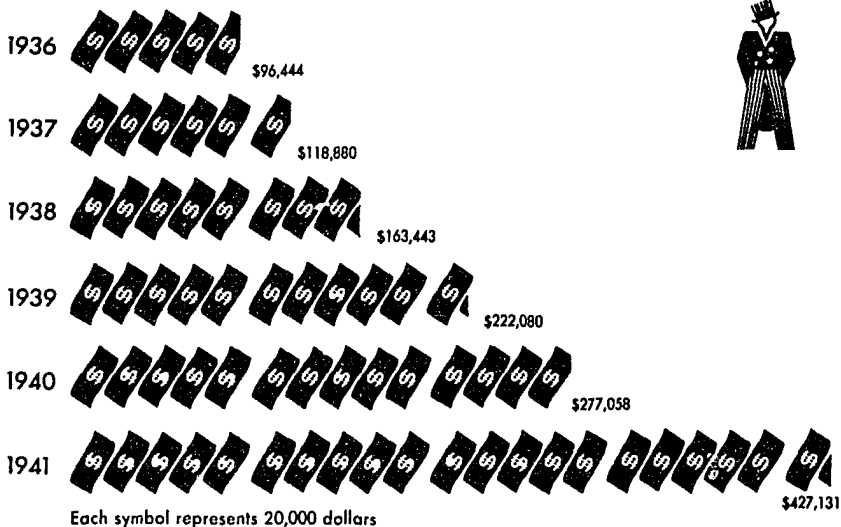
Dividends of \$1.10 per share on the Common Stock were paid, at the rate of 25c per share for each of the first three quarters of 1941 and 35c for the fourth quarter. Regular quarterly dividends aggregating \$2.50 per share were paid on the \$2.50 Cumulative Preferred Stock.

## CAPITAL STRUCTURE

As of the close of business on March 14, 1942, there were outstanding 332,129 shares of Common Stock and 53,650 shares of \$2.50 Cumulative Preferred Stock. Of the 55,000 shares of said Preferred Stock originally issued, 1,350 shares have been retired under and pursuant to the Purchase Fund provided for such purpose; in addition, your Company has purchased 1,250 shares of said stock which will be used to meet further requirements of said Purchase Fund. Since the date of the last Annual Report all of the outstanding shares of \$1.37½ Cumulative Convertible Preferred Stock were redeemed and cancelled; details with respect to this redemption were included in the last Annual Report.

On June 18, 1937, your Company issued options enabling the holders of same to purchase the whole or any part of 50,000 shares of your Company's common stock at \$13.00 per share, at any time up to March 1, 1942. These options have expired and have not been extended.

## TAXES



## MANAGEMENT AND PERSONNEL

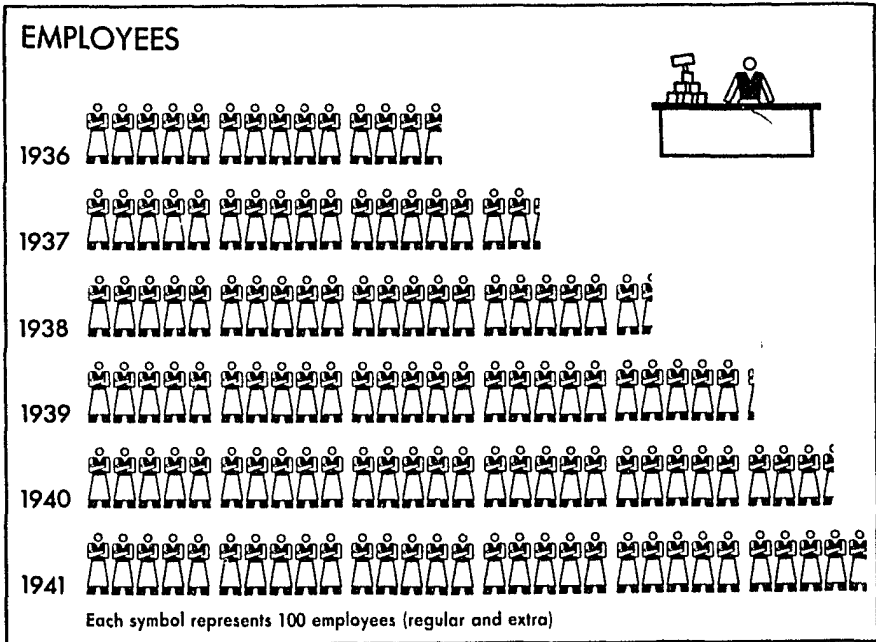
In September, 1941, your management decided that it would be advisable and to the best interests of your Company to create the office of Chairman of the Board of Directors. Consequently, at a meeting of the Board of Directors held on September 16, 1941, Samuel Friedland, who had been the President of your Company since its organization, resigned as President and was elected Chairman of the Board, and George Friedland resigned as Executive Vice-President and was elected President. At the same meeting, Hess Kline, long the Treasurer of your Company was also elected a Vice-President, and at a meeting held shortly thereafter, Louis Stein, retaining the office of General Counsel, was also elected a Vice-President.

The pleasant relationship existing between your Company and its employees has been a potent factor in last year's satisfactory operations. The employee group insurance plan has now been in operation for several years and has proved of great value. Under this plan any employee may obtain

insurance on his life (from \$1000 to \$5000) and sickness and accident insurance paying from \$10 to \$40 per week.

All negotiations with the labor unions representing your Company's employees, all of which unions are affiliated with the American Federation of Labor, in connection with renewals of existing labor agreements, were carried on and consummated in a friendly and co-operative spirit which augurs well for the future. Your Company has collective bargaining agreements with the Retail Clerks' International Protective Association, Amalgamated Meat Cutters and Butcher Workmen of North America, Warehouse Employees Union and several others.

In line with war-time requirements your Company has been training female employees to gradually assume some of the less arduous duties customarily performed by men. In fact, on March 14, 1942, the number of females in your Company's employ amounted to approximately 14% of its





total employees compared with approximately 6% on the same day of the preceding year.

At the close of the year your Company had a personnel of approximately three thousand; 196 of its employees had been enrolled among the armed forces of our country.

### INCENTIVE BONUS and RETIREMENT PLAN

On December 1, 1941, your Company put into effect an Incentive Bonus and Retirement Plan administered by an Advisory Committee composed of employee and employer representatives. The funds of the plan are deposited in trust with the Pennsylvania Company for Insurances on Lives and Granting Annuities.

The purpose of the plan is evident from its name; the beneficiaries are chosen from time to time (by the Advisory Committee) from your Company's executive, administrative and supervisory employees. There is no fixed annual sum which must be deposited under the plan; on the contrary, your Company's Board of Directors retains the right to determine what amount, if any, is indicated for that purpose by the Company's earnings (each year) and by all other factors which the Board deems of importance. Thus, the plan was initiated with the deposit of \$57,654.08 and the designation of sixty-five beneficiaries.

The benefits under the plan are payable to the beneficiaries at their respective retirement ages (if they are still in the Company's employ) and to the personal representatives or the designees of any beneficiaries dying prior to retirement.

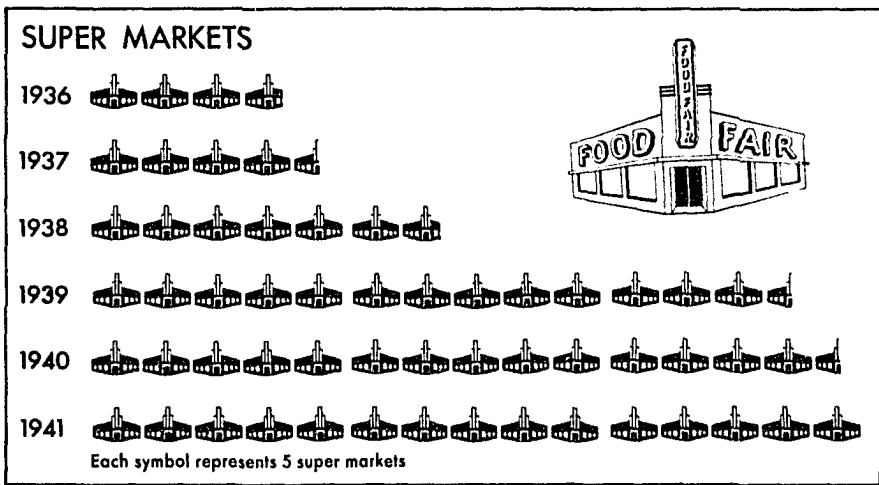
### OPERATING UNITS and CAPITAL EXPENDITURES

During the year 1941 and to the date of this report, your Company and its subsidiaries increased the number of supermarkets in operation by 3, having opened 2 (at 46 North Van Brunt Street, Englewood, N. J., and 6601

Castor Avenue, Philadelphia, Pa.), acquired 2 (at 838 Main Avenue, Passaic, N. J., and 516 Main Street, Hackensack, N. J.), and closed 1 (in North Bergen, N. J.). The respective locations of the 75 supermarkets now operated by your Company and its subsidiaries appear on the map shown on pages 16 and 17 of this report.

During the year 1941, your Company increased its investment in land and buildings by \$447,016.24 and expended \$126,926.11 for market, office and warehouse equipment and improvements to leased property.

One of your Company's subsidiaries has contracted to purchase a warehouse site in Baltimore and has leased a warehouse to take care of its needs until the warehouse location is obtained and a warehouse erected thereon. This subsidiary has also purchased a plot at Chestnut Street and Lancaster Avenue, in Lancaster, Pa., on which a supermarket building is now being erected, and a building at Washington Lane and Forrest Avenue, Philadelphia, Pa., which is now being altered so that it will be suitable for use as a supermarket.



## DEVELOPMENT OF BUSINESS

It is gratifying to your management to report that your Company has furthered its position as one of the important factors in the chain store food merchandising field. Prospects for the future are encouraging, since it is believed that the food field will participate actively in the many factors accompanying this nation's magnificent defense program. This is particularly true since so many of your Company's units are located in industrial areas where the number of potential customers to be served has increased and is increasing.

As indicated above, under the caption "Operating Units and Capital Expenditures," your Company has continued and is continuing its policy of expanding as rapidly as general conditions permit and warrant.

In closing this annual report, we call attention to the charts of growth published in this report. To each of the thousands who, as employees, stockholders and customers have given so substantially of their personal support in the building of this record, we offer our sincere appreciation.

  
President

# LYBRAND, ROSS BROS & MONTGOMERY

CERTIFIED PUBLIC ACCOUNTANTS

PACKARD BUILDING  
PHILADELPHIA

RESIDENT PARTNERS  
T EDWARD ROSS  
JOSEPH M RUGH  
JOHN MOOD JR  
GEORGE H DRABENSTADT  
A KARL FISCHER  
CLARENCE R HAAS  
HARRY H STEINMEYER  
CARL H ZIFF

NEW YORK  
PHILADELPHIA  
CHICAGO  
BOSTON  
BALTIMORE  
WASHINGTON  
PITTSBURGH  
DETROIT  
CLEVELAND  
CINCINNATI  
ROCKFORD  
LOUISVILLE  
ST LOUIS  
ATLANTA  
DALLAS  
HOUSTON  
SAN FRANCISCO  
LOS ANGELES  
SEATTLE  
---  
LONDON

Union Premier Food Stores, Inc.,  
Philadelphia.

We have examined the consolidated balance sheet of

UNION PREMIER FOOD STORES, INC.

and its wholly owned subsidiaries as of December 27, 1941, and the consolidated statements of income and surplus for the year (52 weeks) then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making detailed audits of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of income and surplus present fairly the consolidated position of the companies at December 27, 1941, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Lybrand, Ross Bros. Montgomery*  
Philadelphia, Penna.,  
February 18, 1942.

**UNION PREMIER FOOD STORES, INC. OF S**  
**CONSOLIDATED BALANCE SHEET**

**ASSETS**

**Current:**

Cash on hand and demand deposits . . . . .		\$835,140.39
Accounts receivable:		
Trade . . . . .	\$22,862.96	
Employees and miscellaneous . . . . .	7,861.80	
		30,724.76
Inventories, at cost or market, whichever lower:		
Merchandise in warehouse . . . . .	3,205,561.14	
Merchandise in stores . . . . .	1,342,145.74	
Merchandise in transit . . . . .	62,554.58	
Store supplies . . . . .	49,066.13	
		\$4,659,327.59
Notes receivable and advances, truckers . . . . .		18,770.53
Total current assets . . . . .		\$5,543,963.27

**Investments:**

Mortgages . . . . .	25,295.54	
Securities . . . . .	1,090.00	
		26,385.54

**Fixed assets, at cost:**

Land . . . . .	440,076.77	
Buildings . . . . .	\$1,053,583.52	
Improvements to leased buildings . . . . .	740,233.64	
Fixtures and equipment . . . . .	1,191,991.21	
Automobiles and trucks . . . . .	27,448.05	
	3,013,256.42	
Less allowances for depreciation and amortization . . . . .	858,180.46	2,155,075.96
		2,595,152.73
Prepaid and deferred accounts . . . . .		41,150.12
Deposits with landlords, public utilities, etc. . . . .	30,708.00	
Cash surrender value of insurance on officer . . . . .	20,061.24	
		50,769.24
Goodwill . . . . .		211,335.41
		\$8,468,756.31

**NOTE:** (a) At December 27, 1941, the companies had in progress the construction of two stores and other capital additions, the cost to complete which, not including merchandise stocks, is estimated at \$165,000.

**AS WHOLLY OWNED SUBSIDIARIES**  
**AS OF DECEMBER 27, 1941**

**LIABILITIES**

Current:

Notes payable:			
Banks, due within one year . . . . .	\$925,000.00		
Trade acceptances . . . . .	102,456.29		
			<u>\$1,027,456.29</u>
Accounts payable, trade, etc. . . . .			683,540.46
Mortgage installments due within one year			10,500.00
Accrued liabilities:			
Salaries and wages . . . . .	31,299.15		
Taxes, including Federal and State income			
taxes . . . . .	548,570.57		
Interest . . . . .	797.10		
			<u>580,666.82</u>
Total current liabilities . . . . .			<u>\$2,302,163.57</u>
Mortgages due subsequent to December 31, 1942			
(\$206,000 not assumed) . . . . .	231,000.00		
Notes payable, bank, due subsequent to December			
31, 1942 . . . . .	675,000.00		
			<u>906,000.00</u>
			<u>\$3,208,163.57</u>

**CAPITAL**

Capital stock:

Cumulative preferred, par \$15, authorized 250,-			
000 shares (specific preferences determin-			
able upon approvals of issues) of which			
55,000 shares were issued; outstanding			
53,950 shares; dividend \$2.50 annually;			
redeemable at \$55 per share to December			
31, 1943, and \$53 per share thereafter;			
entitled in involuntary liquidation to \$50			
per share . . . . .	809,250.00		
Common, par \$1, authorized 750,000 shares;			
issued 332,129 shares (See Note (b))	332,129.00		
Surplus, as annexed:			
Capital surplus . . . . .	3,005,036.06		
Earned surplus:			
Appropriated for retire-			
ment of preferred			
stock . . . . .	\$62,147.76		
Unappropriated . . . . .	1,090,266.72		
			<u>1,152,414.48</u>
			<u>5,298,829.54</u>
Less 850 shares cumulative preferred stock in			
treasury, at cost . . . . .	38,236.80		
			<u>5,260,592.74</u>
			<u>\$8,468,756.31</u>

NOTE: (b) Options are outstanding to purchase 50,000 shares at \$13 per share at any time to March 1, 1942, and purchase warrants, attached to preferred stock when sold, are outstanding to purchase before December 31, 1947, 33,950 shares of common stock at \$15.50 per share until June 30, 1943; \$19.50 per share until December 31, 1945; and \$25 per share thereafter.

**CONSOLIDATED STATEMENT of CAPITAL SURPLUS**  
**for the year (52 weeks) ended December 27, 1941**

Capital surplus, December 29, 1940		\$3,040,993.18
Less: Excess of cost of 1,050 shares of cumulative preferred stock redeemed over par value	\$33,075.00	
Additional expenses in connection with sale of cumulative preferred stock in 1940	<u>2,882.12</u>	
		35,957.12
Capital surplus, December 27, 1941		<u><u>\$3,005,036.06</u></u>

**CONSOLIDATED STATEMENT of EARNED SURPLUS**  
**for the year (52 weeks) ended December 27, 1941**

Earned surplus, December 29, 1940		\$823,132.99
Net income for the year ended December 27, 1941, as annexed		<u>828,189.30</u>
		\$1,651,322.29
Dividends paid in cash:		
Common stock, \$1.10 per share	\$365,341.90	
Cumulative preferred stock, \$2.50 per share	<u>133,565.91</u>	
		<u>\$498,907.81</u>
Earned surplus, December 27, 1941:		
Appropriated for retirement of preferred stock	62,147.76	
Unappropriated	<u>1,090,266.72</u>	
		<u><u>\$1,152,414.48</u></u>

**CONSOLIDATED STATEMENT of INCOME**  
**for the year (52 weeks) ended December 27, 1941**

Sales .....		\$34,094,701.54
Cost of goods sold:		
Inventory, December 29, 1940 .....	\$2,194,096.78	
Purchases, net of discounts .....	29,094,823.98	
	31,288,920.76	
Inventory, December 27, 1941 .....	4,547,706.88	
		26,741,213.88
Gross profit .....		7,353,487.66
Operating expenses:		
Maintenance and repairs .....	84,582.57	
Depreciation of equipment and buildings and amortization .....	250,491.80	
Taxes, other than income and excess-profits taxes .....	261,166.71	
Rents .....	301,781.63	
Store wages, operating, general and administrative expenses .....	5,244,077.83	
		6,142,100.54
		1,211,387.12
Other income:		
Interest .....	4,851.29	
Rents received .....	63,204.36	
Profit on sale of land and equipment .....	1,658.19	
Miscellaneous .....	9.21	
		69,723.05
Income before interest, and income and excess-profits taxes .....		1,281,110.17
Interest paid .....		25,789.45
Income before income and excess-profits taxes .....		1,255,320.72
Provision for Federal and State taxes on income, estimated:		
Federal and State income taxes .....	408,000.00	
Federal excess-profits tax .....	44,000.00	
	452,000.00	
Less adjustment of accrual for prior year .....	24,868.58	
		427,131.42
Net income .....		\$828,189.30





# LOCATION OF FOOD FAIR MARKETS...

Operated by Union Premier Food Stores, Inc.

## P E N N S Y L V A N I A

LEMOYNE 1  
HARRISBURG 3

LEBANON 2

WEST READING 1  
READING 2

COLUMBIA 1  
LANCASTER 1  
YORK 2

COATESVILLE 1

ALLENTOWN 3  
BETHLEHEM 2

NORRISTOWN 1

BRYN MAWR

PHILADELPHIA

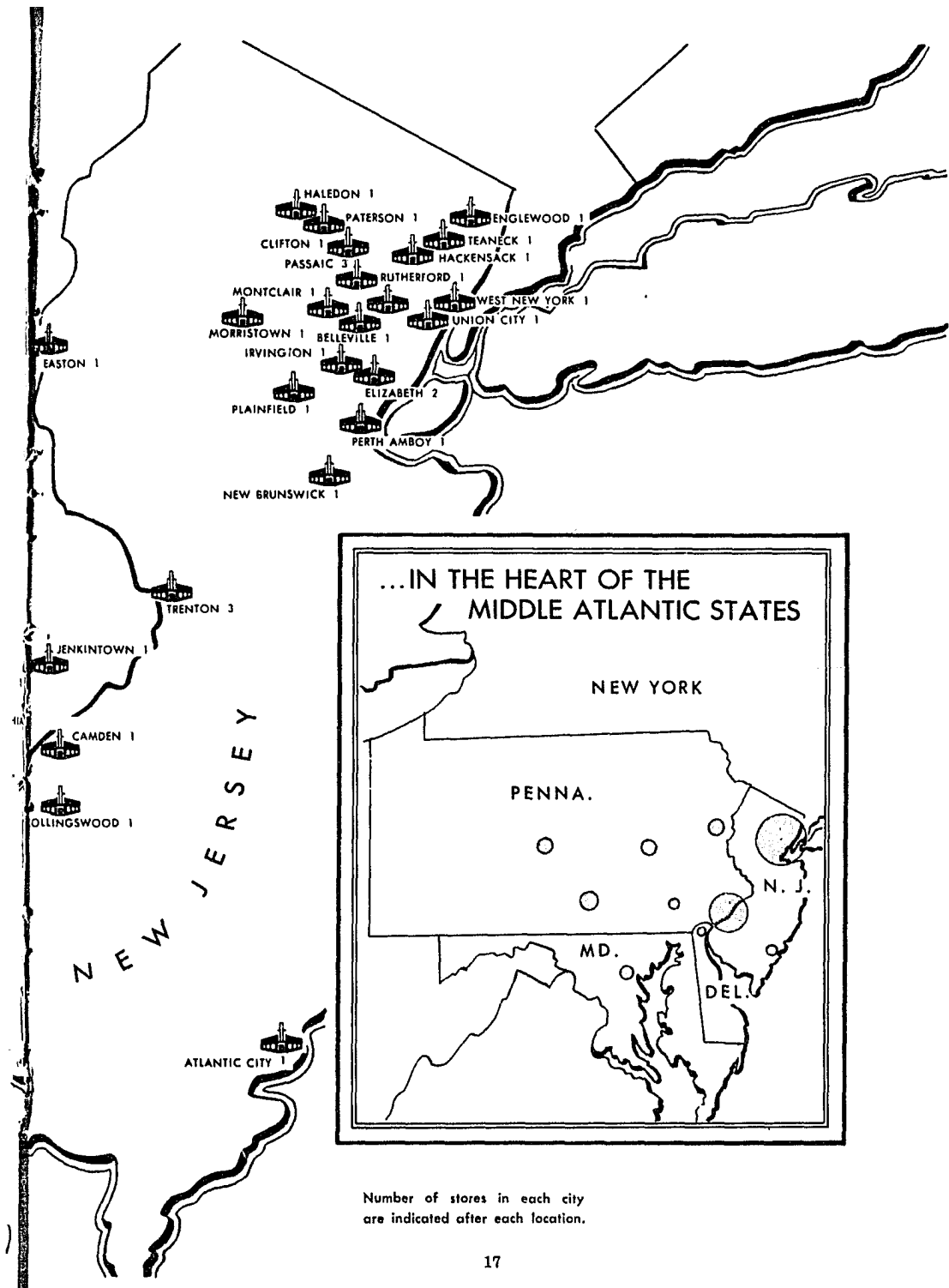
CHESTER 1

WILMINGTON 3

## M A R Y L A N D

CATONSVILLE 1  
BALTIMORE 11

D E L A W A R E



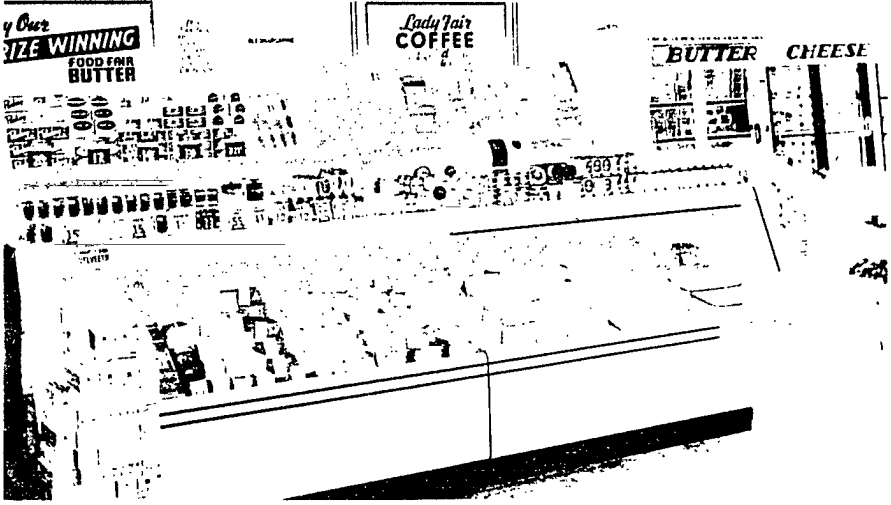


Front View of Food Fair Market in Philadelphia, Pa.



Front View of Food Fair Market in Jenkintown, Suburban Philadelphia

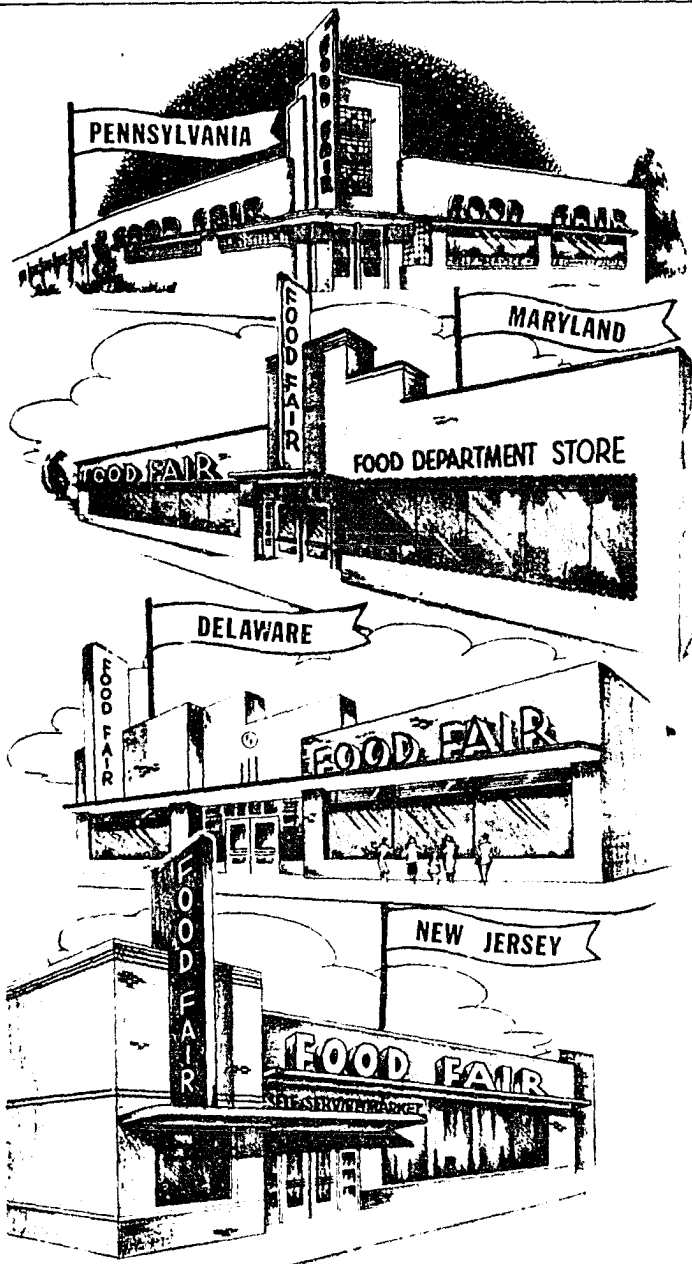
# Butter Eggs Cheese Milk



View of a Typical Service Department in Food Fair Markets



General View of a Food Fair Self-Service Grocery Department



Typical Food Fair Markets Located in Four States